

**PART V: DRAFT SECURITIES AND FUTURES  
(FINANCIAL AND MARGIN REQUIREMENTS FOR  
HOLDERS OF CAPITAL MARKETS SERVICES  
LICENCES) (AMENDMENT) REGULATIONS 2007**

DISCLAIMER: This version of the Bill is in draft form and subject to change. It is also subject to review by the Attorney-General's Chambers.

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**No. S 000 –**

**SECURITIES AND FUTURES ACT  
(CHAPTER 289)**

**SECURITIES AND FUTURES  
(FINANCIAL AND MARGIN REQUIREMENTS FOR  
HOLDERS OF CAPITAL MARKETS SERVICES LICENCES)  
(AMENDMENT) REGULATIONS 200[7]**

In exercise of the powers conferred by sections 86(3), 100 and 341 of the Securities and Futures Act, the Monetary Authority of Singapore hereby makes the following Regulations:

**Citation and commencement**

1. These Regulations may be cited as the Securities and Futures (Financial and Margin Requirements for Holders of Capital Markets Services Licences) (Amendment) Regulations 200[7] and shall come into operation on 200[7].

**Amendment of regulation 4**

2. Regulation 4 of the Securities and Futures (Financial and Margin Requirements for Holders of Capital Markets Services Licences) Regulations (referred to in these Regulations as the principal Regulations) is amended —

- (a) by inserting, immediately before the words “The holder of a licence” in paragraph (1), the words “Subject to paragraph (1A),”; and
- (b) by inserting, immediately after paragraph (1), the following paragraph:

“(1A) The holder of a licence shall not, without the prior written approval of the Authority, change in pursuance of paragraph 3 of the First Schedule, the base capital requirement which –

  - (a) is initially applicable to it under regulation 3 at the time of the grant or renewal of its licence, as the case may be; or
  - (b) has been previously approved in writing by the Authority under this subsection.”

### **New regulation 5A**

3. The principal Regulations are amended by inserting, immediately after regulation 5 the following regulation:

**“Maintenance of financial resources**

**5A.** – (1) The holder of a licence incorporated in Singapore shall maintain and hold its financial resources in accordance with such requirements as the Authority may impose under paragraph (2).

(2) The Authority may, from time to time, by notice in writing to any holder of licence incorporated in Singapore, or any class of holders of licence in Singapore, require the holder or holders of licence to maintain and hold such minimum amount of assets in Singapore as may be specified in the notice.

(3) Without prejudice to the generality of paragraph (2), the Authority may in a notice referred to in that paragraph, specify –

(a) the types of assets that are to be treated as assets maintained and held in Singapore and the minimum amount or amounts in respect of each asset for the purpose of any requirement of the Authority under that paragraph; and

(b) the method for the valuation of assets maintained and held in Singapore, including any deductions to be made in respect of the assets.”

### **Amendment of regulation 19**

4. Regulation 19(1) of the principal Regulations is amended by deleting the words “S\$15 million” in paragraph (1)(b) and substituting the words “S\$5 million”.

### **Amendment of regulation 28A**

5. Regulation 28A of the principal Regulations is amended —

(a) by inserting, immediately after the words “regulation 4(1)” in paragraph (a), the words “, (1A)”;

(b) by inserting, immediately after the words “regulation 4(1) or (2)” in paragraph (a), the words “5A(1)”.

### **Amendment of First Schedule**

6. The First Schedule to the principal Regulations is amended —

(a) by inserting, immediately before the words “where more than one base capital requirement is applicable”, the words “Subject to paragraph (3),”;

(b) by inserting, immediately after paragraph (2), the following paragraph:

“3. Where either item 2 or 2A in the first column of the table below is applicable to the corporation or holder referred to in paragraph 1, the applicant may choose to comply with the base capital requirements in either item, except that where the applicant has

chosen to comply with the base capital requirements within item 2A, it is restricted to the trading of futures contracts only in respect of -

(a) gold; or

(b) any produce, item, goods or article, and includes an index, right or interest in produce, item, goods or article,

(referred to in this Schedule as commodity futures contracts).”; and

(c) by deleting the table in the First Schedule and substituting the following table:

<i>“First column</i>	<i>Second column</i>
<i>Regulated Activity</i>	<i>Base Capital Requirement Applicable</i>
(1) Dealing in securities and —	
(a) the applicant is a member of a designated clearing house authorised to operate a clearing facility for securities;	\$5 million
(b) the applicant (not being an applicant to which paragraph (d) or (e) applies) is a member of a securities exchange;	\$1 million
(c) the applicant (not being an applicant to which paragraph (d) or (e) applies) is not a member of a securities exchange;	\$1 million
(d) the applicant does not carry any customer’s positions in securities, margins or accounts in its own books, and either —	\$500,000
(i) carries on the business only of soliciting or accepting orders for the purchase or sale of any securities from any customer (not being an applicant to which paragraph (e) applies); or	
(ii) accepts money or assets from any customer as settlement of, or a margin for, or to guarantee or secure, any contract for the purchase or sale of securities by that customer; or	
(e) the applicant —	\$250,000
(i) does not carry any customer’s positions in securities, margins or accounts in its own books;	
(ii) deals in securities only with accredited investors; and	
(iii) does not accept money or assets from any customer as settlement of, or a margin for, or to guarantee or secure, any contract for the purchase or sale of securities	

by that customer.

(2) Trading in futures contracts and —

(a) the applicant is a member of a designated clearing house authorised to operate a clearing facility for futures contracts where the applicant's membership is not limited to commodity futures contracts only; \$5 million

(b) the applicant is a member of a designated clearing house authorised to operate a clearing facility for futures contracts where the applicant's membership is limited to commodity futures contracts only; \$1 million

(c) the applicant (not being an applicant to which paragraph (e) or (f) applies) is a member of a futures exchange; \$1 million

(d) the applicant (not being an applicant to which paragraph (e) or (f) applies) is not a member of a futures exchange; \$1 million

(e) the applicant does not carry any customer's positions in futures contracts, margins or accounts in its own books, and either — \$500,000

(i) carries on the business only of soliciting or accepting orders for the purchase or sale of any futures contract from any customer (not being an applicant to which paragraph (f) applies); or

(ii) accepts money or assets from any customer as settlement of, or a margin for, or to guarantee or secure, any purchase or sale of futures contract by that customer; or

(f) the applicant — \$250,000

(i) does not carry any customer's positions in futures contracts, margins or accounts in its own books;

(ii) trades in futures contracts only with accredited investors; and

(iii) does not accept money or assets from any customer as settlement of, or a margin for, or to guarantee or secure, any purchase or sale of futures contract by that customer.

(2A) Trading in commodity futures contracts only and –

(a) the applicant is a member of a clearing house authorised to operate a clearing facility for futures \$1 million

contracts, where the applicant's membership is limited to commodity futures contracts only;	
(b) the applicant (not being an applicant to which paragraph (d) or (e) applies) is a member of a futures exchange;	\$500,000
(c) the applicant (not being an applicant to which paragraph (d) or (e) applies) is not a member of a futures exchange;	\$500,000
(d) the applicant does not carry any customer's positions in commodity futures contracts, margins or accounts in its own books, and either—	\$250,000
(i) carries on the business only of soliciting or accepting orders for the purchase or sale of any commodity futures contracts from any customer (not being an applicant to which paragraph (e) applies); or	
(ii) accepts money or assets from any customer as settlement of, or a margin for, or to guarantee or secure, any purchase or sale of commodity futures contracts by that customer; or	
(e) the applicant—	\$250,000
(i) does not carry any customer's positions in commodity futures contracts, margins or accounts in its own books;	
(ii) trades in commodity futures contracts only with accredited investors; and	
(iii) does not accept money or assets from any customer as settlement of, or a margin for, or to guarantee or secure, any purchase or sale of commodity futures contract by that customer.	
 (3) Carrying out leveraged foreign exchange trading.	 \$1 million
 (4) Advising on corporate finance.	 \$250,000
 (5) Carrying out fund management —	
(a) of any collective investment scheme offered to any investor other than an accredited investor;	\$1 million
(b) on behalf of any customer other than an accredited investor, whether on a discretionary authority granted by the customer or otherwise; or	\$500,000
(c) in any other case.	\$250,000

